

# **FINANCIAL RECORDS FOR SCHOOL FOOD SERVICE PROGRAMS**

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## INTRODUCTION

This is a manual to help keep track of the finances associated with the school food service program for each school and district.

The School Food Service Claim form is done solely on line. The address to file claims and to set up your program at the beginning of each year is: <http://www.maine.gov/education/sfsr1.htm> . From this page if you click on the 'File Forms (School Systems Officials Only)' more information is available about the claim form system on line.

The Claim form is due by the 8<sup>th</sup> of each month. Revisions can be done after this date; however, the revision will not affect the current claim, it will make changes to the subsequent month's claim.

There are also many reports that you can look at to help you see how you are doing in your program. Click on the 'View Reports' button and you will be able to look at information which will tell you about: average cost per meal, school enrollments, monthly reimbursement, overview of all of your claims, and more.

## **IMPORTANCE OF RECORDS**

Large amounts of money are spent each year by school cafeterias. It is, therefore, necessary that the person responsible for the operation knows and understands something about maintaining records.

In order to operate a program on a sound financial basis, a manager must know what the program's expenses and revenues are. This may seem very elementary, but many managers are not sure which expenses and revenues are accruing to their program. The purpose of this manual is to instruct in the type of data that should be retained in order to facilitate an overall analysis of the program's financial management, to utilize this data to complete the monthly claim for reimbursement, and to provide you with the knowledge and ability to construct, defend and implement a yearly budget.

Various types of records must be used by a manager to carry out an effective cost control program. The ones that we will be concerned with in this manual are: Purchase Orders and Invoices, Inventories, Food Production Records, Accountability Reports, Daily Record Forms, Applications for Meal Benefits, Claims for Reimbursement, Staffing Schedules, Cash Receipt and Cash Disbursement Journals, Profit and Loss Statements, and Budget Forms.

## MONTHLY CLAIM FOR REIMBURSEMENT

There are two aspects to the monthly claim for reimbursement. The first form that needs to be filled in is the School Detail form. This form is used to enter the following information for each individual school in the District:

- Eligible for Free Meals:
- Eligible for Free Milk:
- Eligible for ASP At Risk:
- A La Carte Expenses Equipment:
- A La Carte Expenses Food:
- A La Carte Expenses Labor:
- A La Carte Expenses Other:
- A La Carte Program Income:
- Breakfast Cost Food:
- Breakfast Cost Labor:
- Breakfast Cost Other:
- Breakfast Count Adults:
- Breakfast Count Free:
- Breakfast Count Full Price:
- Breakfast Count Reduced Price:
- Inventory Commodities:
- Inventory Food:
- Inventory Other:
- Lunch Count Adults:
- Lunch Count Free:
- Lunch Count Full:
- Lunch Count Head Start:
- Lunch Count Reduced Price:
- Milk Count Free:
- Milk Count Full Price:
- After School Program Cost Food:
- After School Program Cost Labor:
- After School Program Cost Other:
- After School Program Count Free:
- After School Program Count Full Price:
- After School Program Count Reduced Price:
- School USDA Commodities Received:

The information that is entered onto the School Detail form is automatically transferred to the Claim Form report when the Claim Form is submitted. Certain additional information will need to be added to this report. You will need to enter:

Cash Received:      Children/Adults/Other:  
                                 Subsidy Received  
                                 Town Appropriation

Voucher Journals:    Equipment  
                                 Food  
                                 Labor  
                                 Other

Disbursements:      Equipment  
                                 Food  
                                 Labor  
                                 Other

Unpaid Bills:          Equipment  
                                 Food  
                                 Labor  
                                 Other

USDA Commodities Received:  
                                 If commodities go to a central location for distribution to the schools  
                                 and are not reported on the school detail form.

District inventories are not to be filled out unless there is a central inventory location.

A la carte district totals are not to be filled out unless all a la carte programs are combined and reported just once.

## COLLECTION PROCEDURES

Collection procedure is a method of collecting payments for meals (or milk) which ensures that there is no overt identification of recipients of free and reduced price meals (or free milk) at either the distribution point or at the point of service. It also provides an accurate record of the number of meals sold by category, and of the amount of money collected. The total number of meals sold in a certain category, times the amount charged for each meal in that category should equal the total amount of money collected for that category. This may not equal the day's cash collected because of advance payments and charges.

### GENERAL REQUIREMENTS FOR ALL ACCOUNTABILITY SYSTEMS

- There will be no overt identification of children receiving paid, free or reduced price meals, or paid or free milk at the points of: meal/milk payment, ticket/token distribution and meal/milk service. Regulations define "point of service" as "that point where a determination can be accurately made that a reimbursable free, reduced or paid lunch has been served to an eligible child.
- The system shall have a built-in accounting system to record the numbers of full price, reduced price, and free meals served daily. Milk reimbursement only schools must have an accounting system to record the quantities of full price and free milk served daily. Keeping these counts is a regulatory requirement.
- All tickets or tokens must be the same except the codes or code numbers. Checklists shall have codes, used for accounting at the point of service, and known only to authorized school personnel. Serially numbered tickets could be used.
- Unless each program uses a different system, tickets must be available for every food service program and payment category. That is:

School Breakfast – paid, free, and reduced price;  
School Lunch – paid, free, and reduced price; and  
Pre K/K and School Milk – paid and free.

### SUGGESTED ANONYMITY AND ACCOUNTABILITY SYSTEMS

You must use these systems exactly as described below. Otherwise, you must describe any deviations to the Maine Department of Education Child Nutrition Services for prior approval. Approval may be subject to on-site evaluation before agreement approval.

#### Coded Tickets

All students go to their teacher or to designated area(s) at varying times of the day to prevent the chance of lines. The teacher or other approved person uses a coded list of which children pay full or reduced price or receive free meals to collect and record the transaction. Either: 1) every student receives the correctly coded ticket(s)/token(s) at the time of payment, or 2) just before lunch or milk service, a responsible adult hands to each student the correctly coded ticket/token.

At the point of service, the ticket/token is collected. Someone must then sort and count them daily to determine the number of meals/milk served by category. Return weekly tickets/tokens to the classroom for redistribution by a responsible adult.

### Checklist By Name

Use the same procedure for payment as outlined above. From the payment record and roster, construct a coded checklist that includes the names of all children. At the point of service, someone must use this checklist to record each student receiving a reimbursable meal or milk. At the end of the service, count the marks by code to determine the number of meals or milk served by category.

### Cash-In-Line With Pre-Payment Provision

If someone collects payments for meals or milk at the cafeteria line, notices must be posted that meals or milk may be pre-purchased in advance of meal service times, at specific places and times. The notice will not refer to free or reduced price meals or free milk.

All categories of students go individually to the same specified area at varying times to prevent the chance of lines. The person collecting payments records the transaction by using a coded list of which children pay full price, reduced price, or receive free meals or free milk.

Children receiving free or reduced price meals or free milk, and children paying in advance, must pick up the proper tickets/tokens at these areas or have their names entered on the accountability checklist at these areas.

With a cash register at the point of service, the cashier:

1. Accepts in advance issued ticket/token, determines the code or accepts cash (full or reduced price). In all cases, the register key for that code is rung.
2. Marks the coded advance payment checklist of names or accepts cash (full or reduced price). In all cases, the register key for that code is rung.

With a cash box or similar receptacle at point of service, the cashier:

3. Accepts the same as in 1 above. In all cases, marks a coded tic sheet when ticket or cash is received.
4. Marks the coded checklist of names or accepts cash as in 2 above. In all cases, marks a coded tic sheet.

### NOTE:

The cash register must have separate keys and the tic sheet must have codes for: Free, Reduced (cash and prepaid) and Full Price (cash and prepaid) meals. The register keys and tic sheet columns should have the same codes as the tickets or checklist.

Following meal or milk service, someone must tally the register tape or the tic sheet to account for the number of meals/milk served.

## **ELECTRONIC MONITORING**

Companies have developed systems to track collection procedures using computers. These systems can use either a pin code entered by the student or a swipe card similar to a credit card. The student's name and meal type have already been programmed into the system and anyone looking at the computer screen would not know the status of the student. Many of the companies offer other programs in conjunction with the School Lunch program that can be used by other areas of the school.

All of these systems allow for cash transactions as well.

The systems will generate various reports for counts and for the status of accounts.

The Child Nutrition Services home page has a list of various companies that offer electronic accounting systems. Each of the companies listed have a link to their own web page. The Maine Department of Education Child Nutrition Services page that lists the companies is:

Choose the third drop down menu "ISSUES" and select POS **or** go to:

<http://www.maine.gov/education/sfs/pos.htm>

## INCOME JOURNAL

An Income Journal is a record of your actual income. This record gives you, on one page, a summary of all your revenues for a given period of time. In School Lunch Programs, these journals are generally kept by the month.

For the School Lunch Program, this journal would have 6 columns.

Column 1: The date's that the income covers

Column 2: Which school the money came from.

Column 3: The income from Children, Adults, Other

Column 4: The income from Subsidy

Column 5: The income from Town Appropriation, if any.

Column 6: Total Income

Each column should be totaled at the bottom each month.

The totals across the bottom will go on the monthly Claim Form for the District.

### INCOME JOURNAL SEPTEMBER 2000

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
		Children			
		Adults		Town	
DATE	SOURCE	Other	Subsidy	Appropriation	TOTAL
4-Sep	School	598.25	71.40	11.20	680.85
5-Sep	School	356.60	48.30	7.40	412.30
6-Sep	School	332.80	8.40	16.20	357.40
7-Sep	School	679.40	79.80	16.20	775.40
8-Sep	School	691.05	75.60	16.80	783.45
8-Sep	Subsidy				-
8-Sep	Interest			121.46	121.46
	TOTAL:	2,658.10	283.50	189.26	3,130.86

**STATE OF MAINE**  
**AGENCY PURCHASE ORDER**  
**NOT TO EXCEED \$2,500.00**

Reference This Number On All

Shipments and Invoices

**CONTROL NUMBER**

AGY

**PO #****Contract #** \_\_\_\_\_**DATE:** 08/23/04**VENDOR CODE:** \_\_\_\_\_

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<b>SHIP TO</b>		
<b>INVOICE IN TRIPLICATE TO</b>		

LN	COM LN	VENDOR INVOICE	FUND	AGY	ORG	SUB ORG	APPR	ACTV	OBJECT	SUB OBJ	REV SRC	SUB ACV	JOB NO.	REPT. CATG.	BS ACCT	I/D

QUANTITY	UNIT	DESCRIPTION OF ITEMS REQUESTED	ESTIMATED UNIT PRICE	AMOUNT	NO. OF UNITS REC'D & DATE	RECEIVING OFFICIAL

INVOICES MUST BEAR CERTIFICATION THAT NO FEDERAL EXCISE NOR MAINE STATE SALES AND USE TAXES ARE INCLUDED IN THE ABOVE AMOUNTS.	
AREA REQUESTING	APPROVED BY
REQUESTED BY	DATE REQUIRED

TOTAL	
CASH	
DISCOUNT	
NET	
AMOUNT	

\_\_\_\_\_  
 PERSON AUTHORIZING ORDER (PLEASE TYPE)

\_\_\_\_\_  
 SIGNATURE AND TITLE

Remarks
---------

## **PRODUCT RECEIVED**

It is very important that when a delivery is received from your supplier that the shipment is checked to insure that you have received everything that is on the delivery ticket before the ticket is signed.

## **UNPAID BILLS**

Product received and not yet paid by the food service department at the end of the accounting period (month) is considered an unpaid bill. This would include food, labor and other items. All unpaid bills at the end of the month must be reported under Unpaid Bills on the Monthly District Claim. Include for all programs all outstanding debts based on invoices or a calculated estimate. Unpaid bills from the prior month still unpaid are considered unpaid bills and must be included. Show all unpaid bills on an unpaid bill listing. Invoices paid within the same month received are not considered unpaid bills and are not to be listed.

## UNPAID BILLS LIST

A list of unpaid bills is used on the monthly claim form for Reimbursement. It is recommended to list each vendor, and also the type of expense it will become. On the monthly claim form you will need to list each type of unpaid bill, whether it is equipment, food, labor or other. If the bill is paid during the next month it will become a disbursement, if the bill remains unpaid it will need to be listed again as an unpaid bill until it is paid.

For the School Lunch Program, this journal would have 6 columns:

Column 1: The Vendor who provided the product or service

Column 2: The value of any equipment bill not paid

Column 3: The value of any food items bill not paid

Column 4: The cost of benefits or labor bill not paid

Column 5: The value of all other bills not paid

Column 6: The total of all items

Each column should be totaled at the bottom.

A column can be added to record the check number when the invoice is paid, if desired.

### UNPAID BILLS LIST FOR: SEPTEMBER 2000

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
VENDOR	EQUIPMENT	FOOD	LABOR	OTHER	TOTAL
PTC	875.59				875.59
School Dept			1,575.89		1,575.89
Stop n' Shop		150.00			150.00
Chinet Co				275.45	275.45
					-
					-
TOTAL:	875.59	150.00	1,575.89	275.45	2,876.93

## **DISBURSEMENT JOURNAL**

When a check or warrant is issued to cover an unpaid bill or any other bill, a notation should be made on a disbursement journal. A Disbursement Journal is a listing of the payments made from an account during a predetermined period of time. Totals from the Journal are entered on the Monthly Claim under Disbursements.

## DISBURSEMENT JOURNAL

A Disbursement Journal is a record of what was actually paid out by check or warrant. This record gives you, on one page, a summary of all your bills for a given period of time. In School Lunch Programs, these journals are generally kept by the month.

For the School Lunch Program, this journal would have 7 columns:

Column 1: The date that the disbursement is made.

(When you actually paid the bill)

Column 2: The Vendor who provided the product or service, (payee).

Column 3: The cost of any equipment purchased

Column 4: The cost associated with the purchase of food

Column 5: The complete labor costs

Column 6: The costs of all other purchases

Column 7: The total of each payment

Each column should be totaled at the bottom. Columns 3, 4, 5 & 6 should equal the total in column 7. Columns 3, 4, 5 & 6 will go on the monthly claim form under 'Disbursements'

### DISBURSEMENT JOURNAL SEPTEMBER 2000

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
DATE	VENDOR	EQUIPMENT	FOOD	LABOR	OTHER	TOTAL
4-Sep	ABC Corp		224.07			224.07
5-Sep	XYZ Corp		1,821.34			1,821.34
6-Sep	Blah-Blah Corp		575.89			575.89
7-Sep	School Dept			2,431.75		2,431.75
8-Sep	Service Charge				12.50	12.50
8-Sep	M&M Corp	575.00				575.00
8-Sep	B&O Corp		1,298.09			1,298.09
						6,938.64
	TOTAL:	575.00	3,919.39	2,431.75	12.50	6,938.64

## VOUCHER JOURNAL

A Voucher Journal is used to keep track of expenses paid for by another entity, and the School Food Service program is not expected to repay, but the School Food Service program gets the benefit. An example would be if the Parent-Teacher Association purchases a Salad Barr for the cafeteria. The Lunch Program does not pay for this item, it is donated to the school. This item would require a Voucher Journal. If the School Department pays for the health benefits of the cafeteria staff, this also would require a Voucher Journal. In School Lunch Programs these journals are generally kept by the month.

For the School Lunch Program, this journal would have 6 columns:

Column 1: The Vendor who provided the product or service

Column 2: The value of any equipment donated

Column 3: The value of any food items donated

Column 4: The cost of benefits or labor paid by another source

Column 5: The value of all other donations

Column 6: The total of all items donated

Each column should be totaled at the bottom.

### VOUCHER JOURNAL SEPTEMBER 2000

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col.6
VENDOR	EQUIPMENT	FOOD	LABOR	OTHER	TOTAL
PTC	875.59				875.59
School Dept			1,575.89		1,575.89
Stop n' Shop		150.00			150.00
Chinet Co				275.45	275.45
					-
					-
TOTAL:	875.59	150.00	1,575.89	275.45	2,876.93

# INVENTORY

An inventory is defined as “an itemized list of goods on hand”. The quantity of these goods, and the administration of them, affects the program’s performance. Inventories serve many valuable purposes. They help eliminate shortages, assist the manager in placing orders for food and supplies, minimize the potential for losses, keep food and supply levels consistent with program needs, and help to develop a cost analysis for food uses.

There are two methods of inventory control: Perpetual and Physical.

**Perpetual Inventory** – A continuing record of food and supplies purchased, used, and in storage. It must be kept up to date and closely monitored. It should provide the following information on each item:

6. Date of Purchase
6. Vendor
6. Brand
6. Price Paid
6. Amount Purchased
6. Amount Used
6. Quantity on Hand

A perpetual inventory requires a great deal of time and strict supervision to be effective, and should be maintained by one person. Inventory should also be spot checked for accuracy.

**Physical Inventory** – A periodic physical count of all items in the storeroom. In school food service, the staff is usually busy, and so a physical inventory is normally the easiest method to use, since it will not take as much time as a perpetual inventory. Physical inventories **must be taken once a month.** This would be done the last day of each month.

## GENERAL INSTRUCTIONS FOR INVENTORY

- Have the same people always take them, with the exception of spot checks by the manager. (Routine spot checks are of utmost importance.)
- Whenever the same item is in difference size packages, list each separately.
- Design inventory sheets so that the number of units of each item are counted, not a mixture of units and cases.
- Price all items at price when received.
- Date all items when they are received. This makes it easier to identify the oldest product. You should always use the oldest first. This is known as FIFO (First In, First Out).
- Inventory all food and nonfood items that School Food Service uses.
- Maintain separate inventories for both food and nonfood items.

Example of Items:

Food

Meat

Canned Goods – fruit, vegetables, fish, etc.

Dry Goods – spices, cereals, flour, etc.

Frozen Foods – fruit, vegetables, meat, fish, etc.

Nonfood

Nonfood Supplies – detergent, paper goods, cleaning supplies

Include storeroom, freezer/refrigerator, and any commercially stored items.

- Inventory of shipments that arrive the last few days of the month.

There must be communication between the person taking the inventory and the person keeping the records regarding items received during the last few days of the month.

Be sure that there is an unpaid bill or disbursement entry for items which appear on inventory. On the other hand, if those last minute arrivals are not inventoried, be sure that the invoice and/or bill are not included on the claim form. If the person doing the claim form receives a bill or invoice the last few days of the month, that person should check with the person taking the inventory to see if those goods have been included in the inventory.

- It is recommended that inventory sheets be color coded to make differentiating items (food, nonfood, etc.) easier.

## INVENTORY – Food Used by Food Service

(Include kitchen, storeroom, freezer and refrigerator storage and commercial storage)

Inventory By: \_\_\_\_\_

Month/Year: \_\_\_\_\_

School or Kitchen:

School of Kitchen:		UNIT SIZE	UNIT COST	TOTAL ON HAND	VALUE OF GOODS ON HAND
ITEM:					

[illegible]

## INVENTORY – Non Food Supplies Purchased by Food Service

In

Inventory By: \_\_\_\_\_

Month/Year: \_\_\_\_\_

School or Kitchen: \_\_\_\_\_

	UNIT SIZE	UNIT COST	TOTAL ON HAND	VALUE OF GOODS ON HAND
ITEM:				

[illegible]

TOTAL VALUE:	\$	-
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## **SUMMER FOOD SERVICE PROGRAM REPORTING**

School Districts that operate a Summer Food Service Program must report expenses and income on the first SFS monthly claim for reimbursement of the school year. The Cashbook Balance and Inventory will need adjustment to insure accurate reporting. All expenses and income for the Summer Food Service Program are reported as an a la carte function.

The reporting of the subsidy received for the Summer Food Service Program would be reported as a la carte program income.

## INSTRUCTIONS FOR MAINTAINING A LA CARTE RECORDS

A la carte records **must** contain information on school made items, single service items, supplies and labor. *Sample forms have been included for school adaptation.* Schools are welcome to use their own forms or procedure; however, the following information must be provided:

6. The cost of the school made item, the quantities available and the total cost of the **entire amount prepared**, even though all items may not be sold. When and if leftovers are sold, they need not be reported as they have been included initially.

School prepared items do not need to be costed out on a daily basis if a separate notebook is maintained with **updated** costs for each item or for the total cost of the recipe. Standardized recipes should be used so that ingredients and yields do not vary. Review and revise costs at least monthly.

*Example:* Tuna Fish Sandwich – 50 sandwiches @ \$.22 = \$11.00.

6. Single service items are prepackaged items purchased by the Program and sold to the students. A daily inventory is a must. Unit cost refers to the price that the Program pays for the item.

*Example:*

Item	On Hand		Used	Unit Cost	Total Cost	Selling Price	Total Amount
	Begin	End					
Oranges	100	25	75	\$.12	\$9.00	\$.25	\$18.75
Apples	75	25	50	\$.15	\$7.50	\$.25	\$12.50

The cost for items that are sold strictly on an a la carte basis, such as ice cream sandwiches, can be derived directly from the invoices. A listing with the items, invoice number, and the dollar amount should be kept for the month.

6. A combination of the above two systems can be used; however, it should be clear which items are being accounted for in which manner.
6. Supplies are those items such as napkins, straws, wax paper, paper cups, paper plates, cleaning materials, etc. and should be charged to a la carte by the package, box or container. None of these items should be included with the food costs.
5. Labor is the amount of time spent for preparation, set-up, service and clean-up of the a la carte program. Payroll related costs (i.e. social security, fringe benefits, etc.) should be included. If you do not know what the actual percentage of these costs is, use 30%.
6. There should be a daily listing of the a la carte costs incurred with a summary sheet for the month. Costs for single service items derived directly from the invoices need to appear only on the summary sheet. Labor costs, likewise, can be calculated on the summary sheet by multiplying the daily labor costs times the number of serving days.

*Example:* 20 Days @ \$21.25 = \$425.00

A back up sheet should be available with the daily labor cost. It should include the number of hours each employee works times his/her hourly wage.

**Retain these records with monthly reimbursement claim records for three (3) years.**

## **DAILY RECORD FORMS**

Daily record forms provide information pertaining to the actual number of meals (or milk) served in each category (free, reduced, paid or adult) for each day of the month. The forms also include information about enrollment, and number of students eligible for free and reduced benefits at the participating school. There are separate forms for breakfast, lunch, milk only and after school snack program.

These forms should be filled out daily by the person verifying the total number of meals served by category in each cafeteria. The total amount in each category determined by counting tickets received, or by counting tic marks on the tic sheet, or by whatever means you are using for accountability.

The daily record form for lunch must include the School Enrollment, Eligible Free, Eligible Reduced and the Attendance Factor. The attendance factor is the average number of children in attendance each day. The State edit check factor is between 93% – 95%. The number derived from the factor is called the edit check. The edit check number is the maximum number of children that could receive a reimbursable meal based on attendance factor claimed each day. If the eligible free is 100 students and the attendance factor is 95%, the edit check number is 95 students that could possibly receive a reimbursable meal. This is only a guide, the count for the day can be over the edit check number; however, the count for the day must never be over the number eligible for each type of meal.

Directions for this formula are located on the bottom left corner of the Lunch Daily Record Form. The edit check must be factored each month.

## **COST OF FOOD USED**

In school food service, the cost of an item is usually not recorded when it is sold, so inventories must be used to arrive at this amount. The cost of food used is found by adding the beginning inventory and the cost of food purchased and subtracting the ending inventory from this sum. This procedure can also be used for calculating the cost of government donated commodities used.

### **PURCHASED FOOD**

Beginning Inventory .....	_____
+ Purchased .....	_____
= Available for Sale .....	_____
- Ending Inventory .....	_____
= Cost of Food Used .....	_____

## PROFIT/LOSS STATEMENT

The profit or loss statement is a valuable managerial tool which shows whether an operation has made or lost money over a specific period of time. When the cost of food used and other expense items are subtracted from income, the difference is the program's profit or loss.

Once the profit or loss statement has been prepared, each section can be compared with that of a previous statement to see if increases or decreases are being incurred.

### PROFIT/LOSS STATEMENT

#### INCOME:

Cash Receipts ..... \_\_\_\_\_

Subsidy Earned..... \_\_\_\_\_

Other Income..... \_\_\_\_\_

TOTAL INCOME..... \_\_\_\_\_

#### EXPENSES:

Inventory Used ..... \_\_\_\_\_

Labor and Benefits ..... \_\_\_\_\_

Other Costs..... \_\_\_\_\_

TOTAL EXPENSES..... \_\_\_\_\_




PROFIT/LOSS..... \_\_\_\_\_

(Income minus Expenses)




## AVERAGE COST PER MEAL

The average cost per meal will provide a manager with an accurate meal cost, and when compared to the average revenues generated per meal, will also provide the manager with an easy means of ensuring that the program costs are within program revenues (on an average basis.)

When calculating average cost per meal, you would:

-  report expenses when incurred.
-  report only the value of purchased inventory used.
-  divide total lunch cost by number of meals served including adults and other meals.

When calculating average revenue generated per meal, you would:

-  report cash earned and collected for meals.
-  report total subsidy earned in each category – number of meals times amount of subsidy earned.
-  divide total revenues earned by total meals served.

This information can also be obtained by going to the School Food Service Reimbursement web page and click on “View Report’s” and then choose “ED299 – Per Meal Costs”.

### INSTRUCTIONS TO COMPLETE “AVERAGE PER MEAL COST ANALYSIS”

(on next page)

To correctly determine the average cost per meal, two months of a claim form will be needed. Fill in the squares shown on the report and insert a total where it shows to do so.

“K Milk Cost” is determined by multiplying the “Milk Count” by the “Dairy Charge”.

After the “TOTALS” are filled in, subtract “TOTAL B” from “TOTAL A”. This will give you the “TOTAL USED” for the month that you are doing the analysis.

To determine the average cost per meal for Lunch, divide the “TOTAL USED” by the “Lunch Count”. The lunch count is for all meals served: free, reduced, paid and adults. After each type of expenditure is averaged, add the figures across to give you the “Average Cost Per Meal”.

To determine the average cost per meal for Breakfast, divide the “Breakfast Cost” by the Breakfast Count”.

To determine the average cost per meal for Snack, divide the “Snack Cost” by the “Snack Count”.

## AVERAGE PER MEAL COST ANALYSIS

	FOOD	LABOR	OTHER	COMMODITIES
Disbursement				
Voucher				
UnPaid Current				
Prior Inventory				

TOTAL A:                   -                   -                   -                   -

### SUBTRACT

Prior Unpaid				
Inventory-Current				
Breakfast Cost				
A La Carte Cost				
Snack Program Cost				
K Milk Total Cost	-			

TOTAL B:                   -                   -                   -                   -

TOTAL  
USED:                   -                   -                   -                   -

Milk Count           

Dairy Charge       

AVERAGE  
COST PER  
MEAL

Lunch Count       

Breakfast Count   

Snack Count       

Commodities

## HOW TO DETERMINE AND EVALUATE MEALS PER WORKER HOUR

Labor cost, including fringe benefits should stay below 50% of the revenue to insure sufficient funds are spent on food and other expenses associated with the School Food Service program. Productivity needs to be kept at a maximum. A schedule of each employee and their tasks is a good tool to use to help optimize productivity. Listing each employee and the task they perform in any given day is a good tool. An employee schedule could list the task to be performed and the approximate time to complete this task. If the employee were able to complete the task in a shorter time then he/she would be able to assist another person and do another task.

Productivity rates can be determined by using the meals per worker hour formula.

### INSTRUCTIONS FOR MEALS PER WORKER HOUR (M.P.W.H.)

You will need to know the number of serving days in the month.

- A: Determine the number of lunch meals served in the month, including free, reduced, paid and adults  
Divide this number by the number of serving days in the month. This figure goes in box A
- B: Determine the number of breakfast meals served in the month, including free, reduced, paid and adults.  
Divide this number by the number of serving days in the month. This figure goes in box B.
- C: Multiply the number on line 'B' by 75% and put this number in box C.
- D: Determine the A la carte income for the month and divide this number by the number of serving days in the month. This figure goes in box D.
- E: Divide the amount on line 'D' by the Federal free reimbursement rate for the current year and this figure will go in box E.
- F: Add boxes A, C, and E and put this figure on line F.
- G: Add all the labor hours for the staff in the kitchen, not including the Director. This figure goes in box G.
- H: Divide the figure in box 'F' by the figure in box 'G'. This figure is the actual Meals Per Worker Hour by the staff working in the kitchen. This figure goes in box H.

Find the range on the figure in box F in the scale shown. This is the target range for M.P.W.H.  
This is just a guideline and is not to be used as a must meet figure.

## HOW TO DETERMINE AND EVALUTE MEALS PER WORKER HOUR (MPWH)

Days Meals Served in the Month: \_\_\_\_\_

A	Lunch Average Daily Participation (ADP) (Students and Adults)	_____	<div style="border: 1px solid black; width: 80px; height: 20px;"></div>
B	Breakfast ADP (Students and Adults)	_____	<div style="border: 1px solid black; width: 70px; height: 20px;"></div>
C	75% of B		<div style="border: 1px solid black; width: 80px; height: 20px;"></div>
D	Average Daily Nonprogram Sales	_____	<div style="border: 1px solid black; width: 70px; height: 20px;"></div>
E	D Divided by Federal Free Reimbursement	_____	<div style="border: 1px solid black; width: 80px; height: 20px;"></div>
F	Average Daily Meal Equivalents ( A + C + E)		<div style="border: 1px solid black; width: 80px; height: 20px;"></div>
G	Actual Labor Hours Does not include Director		<div style="border: 1px solid black; width: 80px; height: 20px;"></div> Hours
H	Meals Per Worker Hour (F Divided G)		<div style="border: 1px solid black; width: 80px; height: 20px;"></div> MPWH

TARGET RANGE:

			Staff	Daily Hours
1	50	8	_____	0
51	100	9	_____	
101	150	10	_____	
151	200	11	_____	
201	300	12	_____	0
301	400	13	_____	
401	500	14	_____	0
501	600	15	_____	
601	700	16	_____	0
701	800	17	_____	
801	& Above	18	_____	0
			_____	0
			_____	

## **INCREASE INCOME**

Merchandise lunches to increase participation.

Offer choices – student preference.

Correctly implement Offer Vs. Serve.

Evaluate a la carte prices and items offered.

Expand hours of a la carte offerings.

- \* A.M. Sales – snack breakfast, study halls.

- \* P.M. Sales – after school or operate all day in student lounge.

Participation by eligible free and reduced price students should be analyzed.

Review menu for current eating trends.

Review meal quality.

## **DECREASE EXPENSES**

### **FOOD COST:**

- \* Utilize federal commodity foods to the maximum.
- \* Cost menus before purchasing/serving.
- \* Eliminate high cost extras, for example: ice cream, potato chips, purchased cookies and substitute within budget.
- \* Portion control.
- \* Control left-overs through production records.

### **LABOR COST:**

- \* Bring scheduled hours in line with menu production needs, meal service/clean-up needs and participation.
- \* Maintain controls regarding work schedules, work breaks and overtime charges.

INVESTIGATE the feasibility of an alternative production/feeding system, i.e., partial or full bulk satellite system, paper service vs. tray service.

## **BE CREATIVE**

Overall costs.

Train.

Train.

Train.

## **PREPARING A BUDGET**

Preparing a budget should be an ongoing event. Throughout the year you will come up with items that you would like to have for your program, and if you do not make note, you will very likely forget the items when it is time to submit your budget. Since school lunch programs are supposed to be self-supporting, an accurate budget is very important. There will be items that, due to expense, will have to come from the regular school budget.

Basic items for you to do to prepare your budget are:

### **EXPENSES –**

- List all items and costs of, equipment and non-equipment, you need.
- Include amount projected for repairs.
- List training expenses.
- List labor and benefits costs.
- List projected food costs.

### **INCOME –**

- List projected income from sale of meals.
- List projected income from subsidy.
- List projected income from other sources.

Total each list. If the projected expenses total more than the projected revenues, the difference is what the school system will have to budget for the lunch program.

## **IMPLEMENT YOUR BUDGET**

First thing to do is subtract the amounts for equipment and repairs from the total. Then divide the amount left by the number of projected meals. This will give you the maximum average daily cost of meals for the year. To remain in the black, you must stay at or below this amount. If the average daily cost exceeds this amount a few times during the year, it will be all right as long as there are a few days that are below the amount to offset them.

The monthly operation should be compared to the budget monthly. This will help to stay within the budget constraints.

## **DEFENDING YOUR BUDGET**

**FIRST** – Your budget must be:

- A) Realistic
- B) Legitimate
- C) Defendable

**SECOND** – You must communicate with your School Committee. This can be done in one of two ways:

- A) Through your Superintendent
- B) Direct to School Committee

**COMMUNICATION SHOULD ALWAYS BE IN WRITING!**

When communicating with your School Committee, you must:

- A) Report each month
- B) Be Clear – Concise – Organized
- C) Include bad news as well as good
- D) Put it in writing

**THIRD** – You should always:

- A) Strive to, or at least appear to, be organized.
- B) Have a plan.
  - 1. Set goals and have a projected time to accomplish them.
  - 2. Try to involve others (Employees, Superintendent, Students, Parents, Committee Members) in the process of setting these goals.
- C) Try to anticipate questions and have the answers readily available.

**DEFENDING YOUR BUDGET**

**MONTHLY REPORTS**

School Committee Members want to know:

- 1. Number of meals served.
- 2. Cost per meal.
- 3. Profit or loss for the month.
- 4. Response to the meals.
- 5. What changes (if any) are being considered/made.
- 6. How does the staff feel about the changes?

7. Comparison with previous month.
8. Preview of upcoming events.

**KEEP IT SIMPLE AND AT A MAXIMUM OF ONE PAGE**

Use the same report format for submission to the school each month. Do not change during the year. Change could cause confusion and question authenticity of information.

[Daily Record Form-School Breakfast](#)

[Daily Record Form-School Lunch](#)

[Daily Record Form-After School Snack](#)

[Daily Record Form-Milk Only](#)